CANADIAN MUSEUM FOR HUMAN RIGHTS

QUARTERLY FINANCIAL REPORT

For the three and six months ended September 30, 2012

(Unaudited)

Canadian Museum for Human Rights
Musée canadien pour les droits de la personne

Canada

The quarterly financial statements for the Canadian Museum for Human Rights (CMHR) (the Corporation) must be read in conjunction with the March 31, 2012 Management Discussion and Analysis and Annual Audited Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Refer to Management's Discussion and Analysis as presented in the March 31, 2012 Annual Report. Updates for the quarter ended September 30, 2012 are as follows.

Statement of Financial Position: September 30, 2012

Total Assets increased $17.3 million from $283.3 million at March 31, 2012 to $300.6 million at September 30, 2012 due to the increase in Assets under construction offset by the net use of Restricted cash and cash equivalents and Restricted investments that reflects the continued investment in the construction of the museum building and the design of the exhibits.

Total Liabilities and Net Assets increased $17.3 million from March 31, 2012 primarily due to an increase in Deferred contributions related to the museum building and design of the exhibits.

Net assets increased by $0.6 million from March 31, 2012 representing the $0.4 million revenue over expenses and a $0.2 million net remeasurement gain.

Statement of Operations:

For the three months ended September 30, 2012

Parliamentary appropriations were $2.9 million for the three months ended September 30, 2012 in comparison to $2.8 million for the three months ended September 30, 2011.

Expenses for the three months ended September 30, 2012 were $2.7 million in comparison to $2.6 million for the three months ended September 30, 2011. The increase in expenses is mainly attributable to an increase in professional services to assist with and monitor operational readiness and an increase in salaries primarily in the Museum content and program area.

For the six months ended September 30, 2012

Parliamentary appropriations were $5.8 million for the six months ended September 30, 2012 in comparison to $4.9 million for the six months ended September 30, 2011 due to increased activity planned in 2012-13 to work towards opening subsequent to the confirmation of funding.

Expenses for the six months ended September 30, 2012 were $5.5 million in comparison to $5.1 million for the six months ended September 30, 2011. The increase in expenses is mainly attributable to an increase in professional services to assist with and monitor operational readiness and an increase in salaries primarily in the Museum content and program area.

Cash Flow:

For the three months ended September 30, 2012

Cash and cash equivalents increased by $2.0 million in the three months ended September 30, 2012 primarily due to $1.6 million of net operational appropriations, $11.9 million in Government of Canada funding for assets under construction, and $3.6 million realized from the sale of investments offset by $14.8 million used for construction.. This is compared to the decrease in cash and cash equivalents of $4.3 million in the three months ended September 30, 2011 primarily due to the funds used for construction.

For the six months ended September 30, 2012

Cash and cash equivalents decreased by $2.9 million in the six months ended September 30, 2012 primarily due to $2.3 million net operational appropriations, $12.2 million in Government of Canada funding for assets under construction, $11.8 million realized from the sale of investments offset by $29.0 million used for construction. This is compared to the decrease in cash and cash equivalents of $5.9 million in the six months ended September 30, 2011 primarily due to the funds used for construction.

Outlook and Risk Analysis:

Management continues to monitor risks and strategies related to the Capital Project. The building will be on track for substantial completion by year-end and 100% of the base building has now been tendered.

The Museum continues to work towards inauguration in 2014, as announced at the Museum's Annual Public Meeting in December 2011, and has aligned project and work plans accordingly. The Government of Canada has supported CMHR with a one-time, $35 million advance against future parliamentary appropriations to the Museum. The Friends of the CMHR were also able to secure a $35 million loan guarantee from the Province of Manitoba. These commitments, together with the support of the City of Winnipeg and the leadership of the private sector, have helped enable the Museum to confirm the timeline for the 2014 Inauguration.

STATEMENT OF MANAGEMENT RESPONSIBILTY BY SENIOR OFFICIALS

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.

Stuart Murray, President & Chief Executive Officer

Winnipeg, Canada
November 29, 2012

Susanne Robertson, CA, Chief Financial Officer

Winnipeg, Canada
November 29, 2012

Financial Statements of

CANADIAN MUSEUM FOR HUMAN RIGHTS

Three and six months ended September 30, 2012

(Unaudited)

Canadian Museum for Human Rights

Statement of Financial Position

(Unaudited)

(In thousands of dollars)

As at	September 30, 2012	March 31, 2012
Assets		
Current assets:		
Cash	$ 6,579	$ 4,972
Restricted cash and cash equivalents (note 3)	13,967	18,523
Restricted investments (note 3)	1,005	12,931
Accounts receivable	561	1,358
Prepaid expenses and other assets	161	226
Holdback account (note 4)	12,026	9,884
	34,299	47,894
Capital assets (note 5):		
Assets in use	8,151	7,985
Assets under construction	258,145	227,464
Total Assets	$ 300,595	$ 283,343
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 11,939	$ 11,166
Holdback account (note 4)	12,026	9,884
	23,965	21,050
Deferred contributions (note 6)	6,611	23,691
Deferred contributions related to capital assets (note 7)	261,317	230,470
Employee future benefits	193	193
	268,121	254,354
Net assets:		
Unrestricted	3,627	3,263
Invested in capital assets (note 9)	4,979	4,979
Accumulated remeasurement gains and losses	(97)	(303)
	8,509	7,939
Contractual obligations (note 10)		
Total Liabilities and Net Assets	$ 300,595	$ 283,343

The accompanying notes form an integral part of the financial statements.

Canadian Museum for Human Rights

Statement of Operations

(Unaudited)

(In thousands of dollars)

	Three months ended		Six months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Revenue:				
Other income	$ 20	$ 10	$ 27	$ 25
Total revenue	20	10	27	25
Expenses:				
Museum content and program	1,099	969	2,246	2,015
Permanent building and temporary accommodation	468	430	816	731
Stewardship and corporate management	1,123	1,250	2,406	2,370
Total expenses	2,690	2,649	5,468	5,116
Excess of expenses over revenue before parliamentary appropriations	(2,670)	(2,639)	(5,441)	(5,091)
Parliamentary appropriations (note 8)	2,931	2,803	5,805	4,898
Excess of revenue over expenses (expenses over revenue) after parliamentary appropriations	$ 261	$ 164	$ 364	$ (193)

The accompanying notes form an integral part of the financial statements.

Canadian Museum for Human Rights

Statement of Remeasurement Gains and Losses

(Unaudited)

(In thousands of dollars)

	Three months ended		Six months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Accumulated remeasurement gains and losses, beginning of period	$ (158)	$ (679)	$ (303)	$ -
Accumulated unrealized loss reclassified from deferred contributions	-	-	-	(498)
Unrealized gains (losses) attributable to:				
Foreign exchange	(74)	196	(46)	171
Investments	(20)	(370)	(107)	(717)
Amounts reclassified to the Statement of Operations:				
Foreign exchange	(2)	-	9	-
Amounts reclassified to deferred contributions:				
Investments	157	183	350	374
Net remeasurement gain (loss) for the period	61	9	206	(670)
Accumulated remeasurement gains and losses, end of period	$ (97)	$ (670)	$ (97)	$ (670)

The accompanying notes form an integral part of the financial statements.

Canadian Museum for Human Rights

Statement of Changes in Net Assets

(Unaudited)

(In thousands of dollars)

For the three months ended	Unrestricted	Invested in capital assets	Accumulated remeasurement gains and losses	September 30, 2012	September 30, 2011
Net assets, beginning of period	$ 3,366	$ 4,979	$ (158)	$ 8,187	$ 7,272
Excess of revenue over expenses after parliamentary appropriations	261	-	-	261	164
Net change in accumulated remeasurement gains and losses	-	-	61	61	9
Net assets, end of period	$ 3,627	$ 4,979	$ (97)	$ 8,509	$ 7,445

For the six months ended	Unrestricted	Invested in capital assets	Accumulated remeasurement gains and losses	September 30, 2012	September 30, 2011
Net assets, beginning of period	$ 3,263	$ 4,979	$ (303)	$ 7,939	$ 8,308
Excess of revenue over expenses (expenses over revenue) after parliamentary appropriations	364	-	-	364	(193)
Net change in accumulated remeasurement gains and losses	-	-	206	206	(670)
Net assets, end of period	$ 3,627	$ 4,979	$ (97)	$ 8,509	$ 7,445

The accompanying notes form an integral part of the financial statements.

Canadian Museum for Human Rights

Statement of Cash Flows

(Unaudited) (In thousands of dollars)

	Three months ended September 30,		Six months ended September 30,	
	2012	2011	2012	2011
Operating activities:				
Cash receipts (parliamentary appropriations)	$ 4,712	$ 4,638	$ 7,605	$ 6,115
Cash receipts (other income)	30	11	38	22
Cash payments to and on behalf of employees	(1,630)	(1,324)	(3,430)	(2,989)
Cash payments to suppliers	(1,533)	(782)	(1,914)	(2,260)
	1,579	2,543	2,299	888
Capital activities:				
Acquisition of assets under construction	(14,867)	(24,515)	(29,016)	(52,233)
Acquisition of assets in use	(116)	(47)	(1,064)	(144)
	(14,983)	(24,562)	(30,080)	(52,377)
Investing activities:				
Proceeds from disposals and redemptions of investments	3,632	11,302	11,819	25,315
Investments	-	-	-	(10,689)
Revaluation of US currency	(77)	196	(40)	171
	3,555	11,498	11,779	14,797
Financing activities:				
Parliamentary appropriation for the acquisition of capital assets in use	18	30	384	151
Government of Canada funding for assets under construction and related investment income	11,955	5,882	12,233	9,540
Contributions from non-government sources for assets under construction and related investment income	(150)	268	436	21,099
	11,823	6,180	13,053	30,790
Increase (decrease) in cash and cash equivalents	1,974	(4,341)	(2,949)	(5,902)
Cash and cash equivalents, beginning of period				
Operating cash	5,170	2,729	4,972	4,356
Restricted cash and cash equivalents	13,402	31,149	18,523	31,083
	18,572	33,878	23,495	35,439
Cash and cash equivalents, end of period				
Operating cash	6,579	5,353	6,579	5,353
Restricted cash and cash equivalents	13,967	24,184	13,967	24,184
	$ 20,546	$ 29,537	$ 20,546	$ 29,537

The accompanying notes form an integral part of the financial statements.

1. **Authority and mandate:**

The Canadian Museum for Human Rights (the "Corporation") was established through amendments to the *Museums Act* on August 10, 2008 and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is not subject to income tax under the provisions of the *Income Tax Act*.

The Canadian Museum for Human Rights reports to Parliament through the Minister of Canadian Heritage and Official Languages.

The mandate, as stated in the amendments to the *Museums Act*, is as follows:

> *"to explore the subject of human rights, with special but not exclusive reference to Canada, in order to enhance the public's understanding of human rights, to promote respect for others and to encourage reflection and dialogue."*

2. **Significant accounting policies:**

The interim financial statements have been prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations. The same accounting policies and methods of computation are followed in the quarterly financial statements as compared to the March 31, 2012 Annual Audited Financial Statements.

3. Restricted cash, cash equivalents and investments:

Restricted cash, cash equivalents and investments are restricted for use in the Capital Project and arise from contributions received from non-government entities, assistance from other governments and Parliamentary appropriations.

	September 30, 2012				March 31, 2012	
	Cost	Unrealized losses	Interest receivable	Fair value	Cost	Fair value
Restricted cash	$ 2,634	$ (60)	$ -	$ 2,574	$ 901	$ 863
Cash equivalents						
Government of Canada T-bills	5,813	-	12	5,825	4,635	4,653
Provincial T-bills	3,565	-	4	3,569	11,768	11,779
Promissory Notes	1,992	-	7	1,999	1,227	1,228
Sub-total – Cash equivalents	11,370	-	23	11,393	17,630	17,660
Sub-total – Cash and cash equivalents	14,004	(60)	23	13,967	18,531	18,523
Investments						
Corporate Bonds	1,052	(47)	-	1,005	13,221	12,931
Sub-total - Investments	1,052	(47)	-	1,005	13,221	12,931
	$ 15,056	$ (107)	$ 23	$ 14,972	$ 31,752	$ 31,454

The change in restricted cash, cash equivalents and investments is comprised of the following:

Six months ended	**September 30, 2012**
Balance, beginning of period	$ 31,454
Add contributions received during the period	12,000
Change in deferred bond interest receivable	138
Add deferred interest income	222
Less deferred realized loss on investments	(350)
Less unrealized loss on cash	(26)
Add unrealized gain on investments	243
Less amounts used to purchase capital assets	(28,709)
Balance, end of period	$ 14,972

4. Holdback cash account:

In accordance with the construction contract for the Museum building and the *Builder's Lien Act* of Manitoba, the Corporation is required to holdback 7.5% of progress billings. These amounts are restricted in nature and recorded as an asset and liability. The restricted funds will be paid out upon certified completion of the subcontracts in accordance with the *Builder's Lien Act* of Manitoba. The total holdback cash account balance and related liability at September 30, 2012 was $12.0 million (March 31, 2012 - $9.9 million).

5. Capital assets:

	September 30, 2012			March 31, 2012
	Cost	Accumulated amortization	Net book value	Net book value
Land	$ 4,979	$ -	$ 4,979	$ 4,979
Computer equipment, hardware and software	3,508	388	3,120	2,911
Leasehold improvements	563	554	9	27
Furniture and equipment	152	109	43	68
Website development	57	57	-	-
Sub-total – Assets in use	9,259	1,108	8,151	7,985
Assets under construction	258,145	-	258,145	227,464
	$ 267,404	$ 1,108	$ 266,296	$ 235,449

The amortization expense for the three and six months ended September 30, 2012 is $138 and $219, respectively. (Three and six months ended September 30, 2011 - $115 and $206, respectively).

Assets under construction represent costs incurred for the development and construction of the Capital Project. The assets under construction are comprised of the following costs incurred to date:

	September 30, 2012	March 31, 2012
Building design and construction	$ 249,674	$ 219,732
Exhibit design	8,425	7,732
Web development (Version 3)	46	-
	$ 258,145	$ 227,464

6. Deferred contributions:

Government of Canada Parliamentary appropriations and contributions received from non-government entities and other governments that are restricted for use are recorded in Deferred contributions and are transferred to Deferred contributions related to capital assets as the funds are used for the Capital Project.

Deferred contributions recorded by the Corporation are as follows:

	September 30, 2012	March 31, 2012
Deferred contributions from the Government of Canada restricted for use for the purchase of Capital assets	$ 6,611	$ 9,961
Deferred contributions from non-government and other government sources restricted for use in the Capital Project	-	13,730
Deferred contributions	$ 6,611	$ 23,691

Changes in the deferred contributions balance during the period were as follows:

Six months ended	September 30, 2012
Balance, beginning of period	$ 23,691
Government of Canada funding	10,000
Government of Canada repayable advance [1]	1,500
Deferred parliamentary appropriations	1,920
Less deferred investment loss	(128)
Less amounts transferred to deferred contributions related to capital assets:	
Government of Canada funding	(16,706)
Capital contributions from Friends of CMHR	(13,666)
Balance, end of period	$ 6,611

[1] The $1.5 million capital funding represents a portion of the $35 million advance of future year's operating appropriations approved by the Government of Canada in June 2012. CMHR plans to repay the advance over six years commencing in 2018-2019.

7. Deferred contributions related to capital assets:

(a) Deferred contributions related to capital assets is composed of:

	September 30, 2012	March 31, 2012
Deferred contributions for assets under construction - Government of Canada	$ 110,112	$ 93,097
Deferred contributions for equipment subject to amortization - Government of Canada	3,172	3,006
Deferred contributions - Province of Manitoba	41,356	41,356
Deferred contributions - City of Winnipeg	16,971	16,971
Deferred contributions - Friends of CMHR	89,706	76,040
	$ 261,317	$ 230,470

i) Government of Canada – Parliamentary appropriations:

Deferred contributions represent the unamortized portion of parliamentary appropriations from the Government of Canada used to pay for assets under construction and equipment subject to amortization. Deferred contributions are recognized as parliamentary appropriation revenue on the same basis and over the same periods as the related capital asset is amortized.

ii) Assistance from other governments:

Deferred contributions represent the unamortized portion of assistance from other governments used to pay for assets under construction. Deferred contributions are recognized as revenue on the same basis and over the same periods as the related capital asset is amortized.

iii) Deferred contributions (from non-government sources):

Deferred contributions (from non-government sources) represent the unamortized portion of contributions used to pay for assets under construction. Deferred contributions are recognized as contribution revenue on the same basis and over the same periods as the related capital asset is amortized.

7. Deferred contributions related to capital assets (continued):

(b) Changes in the deferred contributions related to capital assets are composed of:

Six months ended	September 30, 2012
Balance, beginning of period	$ 230,470
Government contributions:	
Government of Canada funding transferred from deferred contributions	16,706
Other Government of Canada assistance	694
Non-government contributions:	
Capital contributions from Friends of CMHR transferred from deferred contributions	13,666
Amortization of deferred contributions related to capital assets:	
Government of Canada	(219)
Balance, end of period	$ 261,317

8. Parliamentary appropriations:

	Three months ended		Six months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Main estimates amount provided for operating and capital expenditures	$ 4,900	$ 2,850	$ 8,200	$ 5,100
Amounts transferred to deferred contributions	(1,920)	-	(1,920)	-
Amounts used to purchase capital assets	(187)	(162)	(694)	(408)
Amortization of deferred contributions related to capital assets – Government of Canada	138	115	219	206
	$ 2,931	$ 2,803	$ 5,805	$ 4,898

9. Net assets invested in capital assets:

The net investment in capital assets consists of the land donated by the City of Winnipeg and The Forks Renewal Corporation as follows:

	September 30, 2012	March 31, 2012
Capital assets	$ 266,296	$ 235,449
Less amounts financed by deferred contributions related to capital assets	(261,317)	(230,470)
	$ 4,979	$ 4,979

10. Contractual obligations:

In addition to the commitments as at March 31, 2012, the Corporation entered into additional long-term contracts for $4.9 million relating to construction services for the Capital Project which will require payment within one year.

11. Comparative figures:

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.